

Message Text

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ACTION EUR-12

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SP-02 AID-05 EB-08 SS-15 STR-05 OMB-01 CEA-01
L-03 H-02 PA-02 PRS-01 CIAE-00 COME-00 FRB-01
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FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 4231

DEPARTMENT TREASURY IMMEDIATE

INFO AMEMBASSY PARIS

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

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USEEC AND USOEC ALSO FOR EMBASSIES

E.O. 11652: N/A

TAGS: EFIN ,GW

SUBJECT: STATEMENT BY GERMAN FINANCE MINISTER
ON PRESIDENT CARTER'S STATEMENT ON
U.S. PAYMENTS POLICIES

1. THE FINANCE MINISTRY HAS ISSUED THE FOLLOWING PRESS
STATEMENT ON PRESIDENT CARTER'S STATEMENT ON U.S.
PAYMENT POLICIES (EMBASSY TRANSLATION):

2. BEGIN QUOTE: "FINANCE MINISTER DR. HANS APEL
WELCOMES THE STATEMENTS OF THE U.S. PRESIDENT. HE
TAKES NOTE WITH SATISFACTION THAT THE U.S. HAS AFFIRMED
WITH GREAT CLARITY ITS RESPONSIBILITY FOR WORLD
ECONOMIC DEVELOPMENT AND FOR ITS OWN CURRENCY. HE
SHARES THE VIEW OF THE U.S. PRESIDENT THAT THE LATEST
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DEVELOPMENTS ON FOREIGN EXCHANGE MARKETS DO NOT FIND
SUPPORT IN REAL BASIC ECONOMIC DATA. THIS IS IN LINE
WITH THE REPEATEDLY STATED OPINION OF THE FEDERAL
FINANCE MINISTER THAT THE DEUTSCHEMARK IS CURRENTLY
OVERVALUED AND THE DOLLAR UNDERVALUED.

3. "THE FEDERAL MINISTER OF FINANCE THEREFORE WELCOMES

THE READINESS (WHICH HAS) NOW ALSO (BEEN) DECLARED BY THE U.S. PRESIDENT TO TRY TO INSURE (SORGE TRAGEN ZU WOLLEN), IN CLOSE CONSULTATION WITH THE PARTNER COUNTRIES, THAT STABLE EXCHANGE RATE RELATIONSHIPS ARE MAINTAINED ON THE FOREIGN EXCHANGE MARKETS. THE FEDERAL MINISTER OF FINANCE, ON HIS PART, DECLARES THE READINESS OF THE FEDERAL REPUBLIC TO ALSO CONTINUE TO FULLY ACCEPT ITS PART OF THE RESPONSIBILITY FOR THE WORLD ECONOMIC DEVELOPMENT AND FOR THE MAINTENANCE OF ORDERLY CURRENCY RELATIONSHIPS. THIS IS CLEARLY INDICATED BY THE EXTENSIVE ECONOMIC POLICY MEASURES OF THE LAST (FEW) MONTHS AS WELL AS BY THE RECENT DECISIONS TAKEN BY THE BUNDESBANK IN CLOSE COORDINATION WITH THE FEDERAL GOVERNMENT." END QUOTE

4. THE ECONOMIC MINISTRY ISSUED THE FOLLOWING PRESS STATEMENT:

5. BEGIN QUOTE: "THE FEDERAL MINISTRY FOR ECONOMIC AFFAIRS HAS POSITIVELY NOTED (POSITIV AUFGENOMMEN) THE DECLARATION OF THE AMERICAN PRESIDENT CONCERNING THE INTERNATIONAL MONETARY SITUATION (AND) ESPECIALLY THAT THE U.S. RECOGNIZES ITS RESPONSIBILITY (TO ASSURE) A STRONG DOLLAR. STATE SECRETARY DR. OTTO SCHLECHT, STRESSED THAT THE REALIZATION SOON OF AN EFFECTIVE ENERGY PROGRAM AND THE ADDITIONAL MEASURES ANNOUNCED UNCLASSIFIED

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BY PRESIDENT CARTER TO LIMIT OIL IMPORTS COULD CONTRIBUTE CONSIDERABLY TO REMOVE THE EXISTING DISTURBANCE ON THE FOREIGN EXCHANGE MARKETS AND TO RESTORE CONFIDENCE IN THE AMERICAN CURRENCY. A REALISTIC VALUATION OF THE DOLLAR IS OF SIGNIFICANT IMPORTANCE FOR THE EXPORT INDUSTRY OF THE FEDERAL REPUBLIC AND THUS ALSO FOR THE GERMAN CYCLICAL DEVELOPMENT (KONJUNKTURVERLAUF). HE (SCHLECHT) ALSO WELCOMED THE DECLARATION OF THE AMERICAN PRESIDENT THAT NEXT MONTH AN OVERALL ECONOMIC PROGRAM WILL BE PRESENTED INTENDED TO ASSURE GROWTH AND STABILITY. THE FEDERAL GOVERNMENT FOR ITS PART HAS CREATED ALL PRECONDITIONS IT CAN TO REACH IN THE COMING YEAR A HIGHER ECONOMIC GROWTH THAN IN 1977 AND IN THIS WAY MEET ITS INTERNATIONAL RESPONSIBILITY. THE NEWEST STATISTICS CONCERNING ORDERS AND PRODUCTION CONFIRM THIS EXPECTATION." END QUOTE.
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